

TOP SECRET RUFF

now ranks third in world production behind the United States and the Soviet Union, as shown in the latest available figures:

Leading Coal Producers

| | <u>1971</u> | <u>1972</u> |
|----------------|-------------|-------------|
| United States | 503 | 529 |
| USSR | 441 | 451 |
| China | 335 | 357 |
| Poland | 146 | 151 |
| United Kingdom | 147 | 122 |
| West Germany | 111 | 103 |

25X1A

25X1A

25X1C

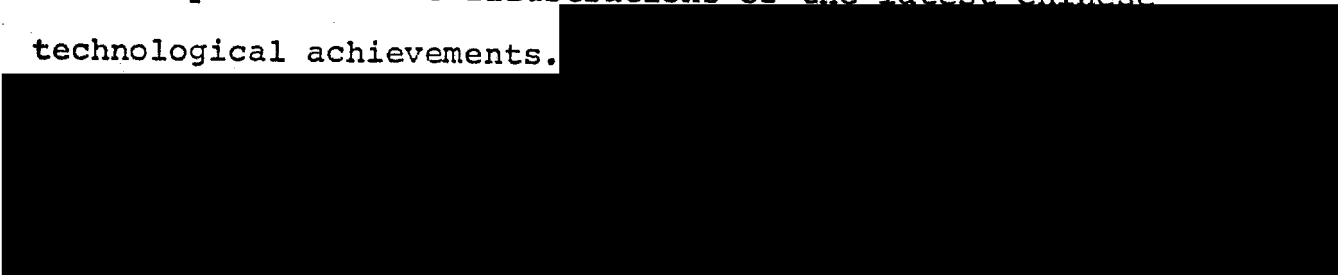
8. [Chinese officials have told [redacted] visitors that the development of coal and petroleum resources is the fifth in a list of five priorities in the Fourth Five-Year Plan (1971-75).] The key word is "development". Unable to marshal the resources for the wholesale modernization of the coal industry, Peking has ordered more intensive exploitation of existing mines. Only a few large, modern, mines have been brought into production. The capacity of large new mines as a percent of national coal output of the preceding year is as follows: *

* See Appendix 3 for a listing of the new mines.

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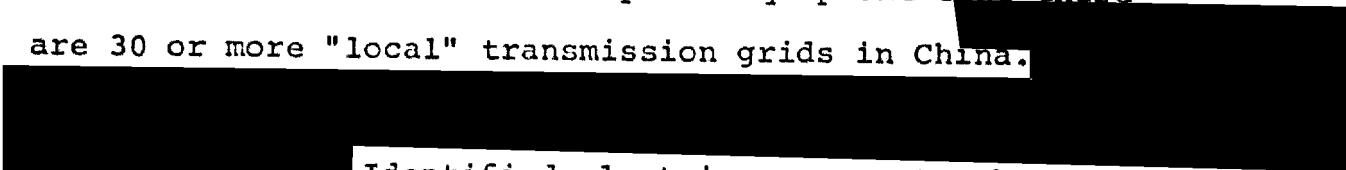
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16. The electric power industry is bumping up against major technological obstacles to further rapid growth. For one thing, Chinese generating efficiency is far below world standards. In the United States the economies of scale possible with large generators have led to widespread use of 1,000 MW class generators. In contrast, Chinese claims center on 125 MW thermal and 25X1D 300 MW hydro units as illustrations of the latest Chinese technological achievements.



25X1D
17. Chinese standards in power transmission are even lower than in generation. Transmission lines are limited to 220 KV systems with practical transmission distances of about 150 miles. One experimental line of 330 KV has been laid. In contrast, the U.S. commonly uses 500 KV lines which carry power 500-600 miles and is building 765 KV lines with a 1300-1400 mile range.

18. One U.S firm has concluded from its negotiations with the Chinese for sales of power equipment that there are 30 or more "local" transmission grids in China.



Identified electric power networks are shown on the map in the Appendix.

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21. International experience suggests that rapidly growing economies should have a ratio of about 1:1.4 between the rate of growth of overall industry and of electric power.* The ratios for China in 1970, 1971, 1972, and 1973 have been 1:1.12, 1:1.42, 1:1.25, and 1:1.07 respectively. These ratios by themselves suggest insufficiency of electric power during those years. With the concurrent problem of inefficient long-distance power transmission in China, recurrent local and regional power shortages were to be expected. 25X1C

22.

Ten percent is about the rate achieved during 1972, when the rate of overall industrial growth attained was 7.5 percent. The delegation's statement implies that Chinese industrial growth will continue to increase at these rates for at least a few years to come, in contrast with the 20 percent achieved in 1969 and in 1970.

Role of Oil

23. China, one of the few major nations with adequate supplies of oil, has boosted production from 5 million tons

* The relationship between industrial production and electric power production in 1961-65 in 12 countries shows that electric power increased at a faster rate -- 1.4 times on the average -- than industrial production in all countries.

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TALENT-KEYHOLE

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RECORD OF REVIEW OF OER PUBLICATIONS FOR SECURITY/SANITIZATION APPROVAL

SUBJECT

23.6796

RP 74-5

AN

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SECURITY REVIEW

SANITIZING INSTRUCTIONS

ITEM

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INITIALS

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SUBSTITUTE

REMARKS

In addition to the sources shown on the annotated draft (attached), the following source material was also used: FBIS, NCNA, and state reporting from Hong Kong.

25X1D

approval was received

to issue this RP with a classification of SECRET/NO FOREIGN DISSEM (in consultation with members of COMIREX.) It cannot be released to foreign governments.

25X1A

John

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FORM 2358
4-70OBSOLETE PREVIOUS
EDITIONS

SECRET

GROUP 1
Excluded from automatic
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| <input checked="" type="checkbox"/> PRIORITY | | <input type="checkbox"/> ROUTINE | | 14 March 1974 | | | | | |
| NAME OF REQUESTER | | OFFICE | | | | EXTENSION | | | |
| [REDACTED] | | OER/St/P/C | | | | R-1110 | | | |
| REPORT NO. | | CLASS. AND CONTROL | | PORTION DESIRED | | | | | |
| 1. | [REDACTED] | S/NFD/CD | | See para. 8 of attached | | | | | |
| 2. | [REDACTED] | S/NFD/CD | | See paras. 18 and 22 of attached | | | | | |
| 3. | [REDACTED] | | | | | | | | |
| 4. | 25X1A | | | | | | | | |
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| PROPOSED USE | | | | | | | | | |
| The attached pages are from a draft of OER Project 23.6796, China: Energy Supply Problems, which we plan to publish as a Research Paper. | | | | | | | | | |
| [REDACTED] we have obtained permission to publish our RP at the SECRET level. We should like to classify it SECRET/NO FOREIGN DISSEM. May we use the information from your source material and drop the restriction CONTROLLED DISSEM? | | | | | | | | | |
| RECORD OF PROCESSING | | | | | | | | | |
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| [REDACTED] deleted from first sentence of para. 8 of attached draft. | | | | | | | | | |
| [REDACTED] | | | | | | | | | |
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| BY NAME | | BY PHONE | | | | 14 March 1974 | | | |